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January 4, 2005

RECEIVED

JAN 4 2005

PUBLIC SERVICE
COMMISSION

Hon. Beth O'Donnell
Executive Director
Public Service Commission
211 Sower Blvd.
P. O. Box 615
Frankfort, KY 40601

Re: Application of Jackson Purchase Energy Corporation for Adjustments in Existing Cable Television Attachment Tariff, before the Public Service Commission of the Commonwealth of Kentucky, Case No. 2004-00319

Dear Ms. O'Donnell:

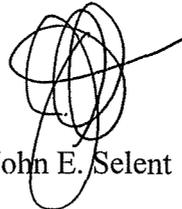
Enclosed for filing with the Public Service Commission of the Commonwealth of Kentucky is an original and ten copies of Ballard Rural Telephone Cooperative Corporation Inc.'s Reply to Jackson Purchase's Response to Ballard Rural's Motion to Dismiss.

In addition, enclosed is a copy for file-stamping. Please return this copy to us in the enclosed self-addressed, postage prepaid envelope.

Thank you, and if you have any questions with regard to this matter, please call me.

Very truly yours,

DINSMORE & SHOHL LLP



John E. Selent

JES/bmt
Enclosures

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COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

In the Matter of:

JAN 4 2005

APPLICATION OF JACKSON PURCHASE)
ENERGY CORPORATION FOR)
ADJUSTMENTS IN EXISTING CABLE)
TELEVISION ATTACHMENT TARIFF)

PUBLIC SERVICE
COMMISSION

Case No. 2004-00319

**REPLY TO JACKSON PURCHASE'S RESPONSE TO
BALLARD RURAL'S MOTION TO DISMISS**

Ballard Rural Telephone Cooperative Corporation, Inc. ("Ballard Rural"), by counsel, hereby files its reply to Jackson Purchase Energy Corporation's ("Jackson Purchase") response to Ballard Rural's motion to dismiss. In support of its reply, Ballard Rural states as follows.

In explaining its long-held rule against single-issue rate cases, the Public Service Commission of the Commonwealth of Kentucky (the "Commission") stated "it would be improper to consider changes to components of the revenue requirement in isolation."¹ Jackson Purchase's contentions to the contrary notwithstanding, this is exactly what Jackson Purchase is trying to do.

In a vain attempt to demonstrate that it is not seeking to increase revenue in isolation, Jackson Purchase points to its Adjusted Income Statement which it filed as Exhibit 10 to its application for adjustments to its Cable Television Attachment Tariff ("CTAT"). The Adjusted Income Statement, however, is of no support to Jackson Purchase. Although Jackson Purchase wrongly contends that the Adjusted Income

¹ *In The Matter of: Big Rivers Electric Corporation's Proposed Mechanism to Credit Customers' Amounts Recovered in Judicial Proceedings Involving Fuel Procurement Contracts*, Case No. 94-453, 1997 Ky. PUC LEXIS 16, February 21, 1997, pp. 3-4 (quoting *Business & Professional People for the Public Interest v. Illinois Commerce Commission*, 585 N.E.2d 1032 (Ill. 1991)).

Statement shows that its adjusted margins are insufficient to realize what it characterizes as a normal 2.0 TIER, Jackson Purchase failed to make a single expense adjustment in its Adjusted Income Statement and only adjusted its revenues for its proposed change in CTAT rates. As Jackson Purchase should be aware, in analyzing revenue requirements during a general rate case the Commission typically makes numerous adjustments to revenues, rate base, and expenses to better reflect future operating conditions and to develop rates for the utility's customers. Without a complete review of Jackson Purchase's revenue requirements, the Commission simply will not know whether the Adjusted Income Statement is reflective of Jackson Purchase's actual financial condition.

For the reasons stated above, Jackson Purchase's application violates the Commission's long-held rule against single-issue rate cases. Accordingly, the Commission should dismiss Jackson Purchase's application.

Respectfully submitted,

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**COUNSEL TO BALLARD RURAL
TELEPHONE COOPERATIVE
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CERTIFICATE OF SERVICE

It is hereby certified that a true and accurate copy of the foregoing was served via First Class United States Mail, postage prepaid, to the following individuals this 4~~th~~ day of January, 2005:

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